

## Message Text

CONFIDENTIAL

PAGE 01 STATE 223495

62

ORIGIN XMB-04

INFO OCT-01 AF-08 EUR-12 ISO-00 SSO-00 INRE-00 USIE-00

AID-05 CIAE-00 COME-00 EB-07 FRB-03 INR-07 NSAE-00

TRSE-00 OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01

L-03 /062 R

DRAFTED BY EXM:DAVID O. BEIM

APPROVED BY EB/IFD/ADF FRANK #. THOMAS

AF/C M. HALLAGHER

----- 047404

O P 092059Z SEP 76

FM SECSTATE WASHDC

TO AMEMBASSY KINSHASA IMMEDIATE

INFO AMEMBASSY LONDON PRIORITY

C O N F I D E N T I A L STATE 223495

E.O. 11652: GDS

TAGS: CG, EFIN

SUBJECT: INGA-SHABA - EXIMBANK FINANCING FOR OVERRUN AND GECAMINES

REF: LONDON 13863

FOLLOWING IS TEXT OF LETTER WHICH EXIMBANK IS HEREBY SENDING  
TO GOVERNOR SAMBWA VIA EMBASSY; PLEASE FORWARD TEXT (IN FRENCH  
IF POSSIBLE):

"DEAR GOVERNOR SAMBWA:

DURING OUR MEETING IN LONDON WE DISCUSSED THE POSSIBILITY  
OF TREATING EXIMBANK'S DEBT SERVICE ON THE INGA-SHABA PROJECT  
AS A PART OF THE 10 PERCENT SET ASIDE OF FOREIGN EXCHANGE  
ESTABLISHED UNDER THE IMF PROGRAM. WE HAVE DISCUSSED THIS  
IDEA FURTHER AT EXIMBANK AND HAVE CONCLUDED THAT, WHILE  
WE WILL EXPECT OUR EXISTING EXPOSURE TO BENEFIT FROM THE SET ASIDE  
IN ACCORDANCE WITH WHATEVER CRITERIA ARE ESTABLISHED FOR  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 223495

DISBURSEMENT FROM THE ACCOUNT, THE PAYMENT FACILITY AS PRE-

VIOUSLY PROPOSED IS NECESSARY  
WITH RESPECT TO THE RECENTLY AUTHORIZED OVERRUN FINANCING.

WE HAVE REASON TO BELIEVE THAT A SEPARATE PAYMENT FACILITY  
RELATED TO NEW MONEY ONLY WOULD BE ACCEPTABLE TO THE COMMERCIAL  
BANKS AND WE HAVE CONTACTED BOTH CITIBANK AND BANKERS TRUST  
TO REQUEST THAT THEIR SUITS NOW BE DROPPED. CITIBANK HAS  
ENCOURAGED THIS APPROACH AS A POSSIBLE COMPROMISE ON SEVERAL  
OCCASIONS IN THE PAST, AND BOTH BANKS ARE CONSIDERING THE  
PROPOSAL. SOME PERSUASION FROM YOURSELF MAY BE NECESSARY TO  
ACHIEVE A FINAL SETTLEMENT BUT WE BELIEVE THIS IDEA WILL WORK  
AND, IN THE SPIRIT OF CONTINUING TO SUPPORT THE INGA-SHABA  
PROJECT, WE ARE PREPARED TO MOVE FORWARD WITH THE DOCUMENTATION.  
BECAUSE THE CONCEPT OF A PAYMENT FACILITY HAS BEEN CHANGED  
FROM ONE RELATED TO THE INGA-SHABA PROJECT TO ONE RELATED TO  
NEW MONEY, WE WOULD INCLUDE THE RECENTLY AUTHORIZED GECAMINES  
ASSISTANCE IN THE FACILITY AS WELL.

THE LOAN AGREEMENTS FOR BOTH THE INGA-SHABA OVERRUN AND THE  
GECAMINES ASSISTANCE WILL CONTAIN STANDARD CLAUSES STATING  
THAT IF ZAIRE IS NOT CURRENT ON ALL PAYMENTS OF PRINCIPAL AND  
INTEREST TO EXIMBANK AND TO COMMERCIAL BANKS UNDER OUR GUARANTEE,  
DISBURSEMENTS FOR THE INGA-SHABA OVERRUN AND FOR GECAMINES  
WILL BE SUSPENDED. WE WILL REQUIRE THAT SUCH PAYMENTS BE  
CURRENT AT THE TIME OF EACH NEW DISBURSEMENT.

THE ABOVE MODIFICATION OF EXISTING ARRANGEMENTS WILL HAVE  
TO BE REVIEWED WITH VARIOUS AGENCIES OF OUR GOVERNMENT AND  
WITH OUR CONGRESS. PLEASE ADVISE US AS SOON AS POSSIBLE OF  
YOUR ACCEPTANCE OF THIS COMPROMISE SO THAT DOCUMENTATION MAY  
PROCEED. WITH BEST REGARDS, DAVID O. BEIM"

FOR INFORMATION OF EMBASSY: ALTHOUGH SAMBWA BELIEVES THAT  
HE CAN CONCLUDE A RESCHEDULING AGREEMENT WITH THE BANKS BY  
MID-OCTOBER, EXIMBANK IS EXTREMELY DOUBTFUL THAT THIS COULD  
BE ACCOMPLISHED, PARTICULARLY IF A SPECIAL PRIORITY FOR  
THE INGA-SHABA PROJECT WITHIN THE 10 PERCENT HAD TO BE  
NEGOTIATED. BY NOT REACHING BACK TO COVER EXISTING INGA-  
SHABA EXPOSURE OF DOLS 238.5 MILLION UNDER THE FACILITY,  
EXIMBANK BELIEVES IT HAS MADE A VERY SIGNIFICANT CONCESSION  
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 223495

TO COMMERCIAL BANKS AND GOZ WHICH COULD LEAD TO THE  
BANKS DROPPING THEIR SUITS OR TO A SUMMARY DISMISSAL OF THE  
SUITS. RESTRICTION OF PAYMENT FACILITIES TO NEW MONEY ONLY  
IS CONSISTENT WITH COMMERCIAL BANKING PRACTICE OF GIVING  
PRIORITY TO NEW LOANS IN CASES OF NEAR BANKRUPTCY. EXIMBANK  
WOULD APPRECIATE PRESENTATION OF ABOVE TO GOZ WITH EMPHASIS  
ON FACT THAT EXIMBANK, AFTER MOST THOROUGH REVIEW, FINDS THIS  
THE MOST ACCEPTABLE WAY OF RECONCILING ITS INTEREST WITH THOSE

OF THE COMMERCIAL BANKS AND GOZ IN THIS DIFFICULT SITUATION.  
KISSINGER

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TEXT, FINANCIAL PROGRAMS, FOREIGN EXCHANGE, DEBT REPAYMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 09 SEP 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** coburnhl  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976STATE223495  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** DAVID O. BEIM  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D760341-0408  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19760976/aaaacnfc.tel  
**Line Count:** 117  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ORIGIN XMB  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** 76 LONDON 13863  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** coburnhl  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 12 MAY 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <12 MAY 2004 by MartinML>; APPROVED <13 SEP 2004 by coburnhl>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** INGA-SHABA - EXIMBANK FINANCING FOR OVERRUN AND GECAMINES  
**TAGS:** EFIN, CG  
**To:** KINSHASA  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006